

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2010-35-W - ORDER NO. 2010-\_\_

October \_\_, 2010

IN RE:	)	
Application of Pine Haven Water System	)	ORDER APPROVING SETTLEMENT
for an Establishment of Water Rates and	)	AGREEMENT AND RATES AND
Charges for the Provision of Water Service	)	CHARGES
in Pine Haven Subdivision and Garrett's	)	
<u>Landing Subdivision in York County.</u>	)	

This matter comes before the Public Service Commission of South Carolina (hereinafter the "Commission") on the Settlement Agreement ("Agreement") filed by the Office of Regulatory Staff ("ORS") and Pine Haven Water System ("Pine Haven" or "the Company") (together "Parties").

This matter was initiated on April 28, 2010 when Pine Haven filed with this Commission an Application for the establishment of rates and charges for the provision of water service in Pine Haven and Garret's Landing Subdivisions. See S.C. Code Ann. §58-5-210 (Supp. 2009). By its application, the Company sought approval of a flat rate of \$40.00 per month for residential customers, a flat rate of \$10.00 per month for the months of April through September for in-ground sprinklers, and a flat rate of \$10.00 per month for the months of April through September for pools with filter systems and a \$25.00 reconnection fee.

By letter dated May 14, 2010, the Commission's Docketing Department instructed the Company to publish a prepared Notice of Filing, one time, in newspapers of general circulation in the area affected by the Company's Application. The Notice of Filing described

the nature of the Application and advised all interested persons desiring to participate in the scheduled proceedings of the manner and time in which to file appropriate pleadings for inclusion as a party of record. In the same letter, the Commission also instructed the Company to notify directly, by U. S. Mail, each customer affected by the Application by mailing each customer a copy of the Notice of Filing. Pine Haven furnished the Commission with an Affidavit of Publication demonstrating that the Notice of Filing had been duly published in a newspaper of general circulation in the area affected by the Company's application. The Company also provided the Commission with a letter in which the Company certified that it had complied with the instruction of the Commission's Docketing Department to mail a copy of the Notice of Filing to all customers affected by the Application.

No Petitions to Intervene were filed in this case in response to the Notice of Filing. Pursuant to S.C. Code Ann. Section 58-4-10(B) (Supp. 2009), ORS is a party of record in this proceeding.

As a result of settlement negotiations, the Parties have determined that their interests are best served by settling the dispute in this matter under the terms and conditions set forth below. ORS stated in the Agreement that the settlement serves the public interest, preserves the financial integrity of the Company, and promotes economic development within the State of South Carolina. By signing the Settlement Agreement, counsel for ORS and the owner for Pine Haven acknowledged their consent to its terms. The Settlement Agreement provided that the Parties viewed the terms of the Agreement to be just and reasonable.

A public hearing was held before the Commission on September 22, 2010, at the Commission's offices located at 101 Executive Center Drive, Columbia, South Carolina. Carroll Norman, owner and operator, appeared on behalf of Pine Haven. ORS was

represented by C. Lessie Hammonds, Esquire. At this hearing, the parties offered into the record the Settlement Agreement dated August 26, 2010. The Parties further introduced into the record and stipulated to the prefiled testimony of Company witness Carroll Norman, and ORS Program Specialist – Water/Wastewater Department, Hannah Majewski. Mrs. Majewski testified in support of the Settlement Agreement.

The Parties asserted before the Commission that the Settlement Agreement provides a schedule of proposed rates, terms, and conditions that are just and reasonable to both the Company and its customers.

Pine Haven provides water service to 30 residential customers in the Pine Haven and Garrett's Landing Subdivisions in York County. Mr. Norman began operating the system in the mid 1980s. According to testimony, the system is operating at full capacity. DHEC requires further testing and approval prior to the use of any additional taps on the system.

In the Settlement Agreement, the Parties propose that the rates be implemented as follows: a flat rate of \$40.00 per month for residential customers, a flat rate of \$10.00 per month for the months of April through September for in-ground sprinklers, and a flat rate of \$10.00 per month for the months of April through September for pools with filter systems and a \$25.00 reconnection fee.

ORS witness Majewski testified that the proposed rate schedule would result in the ability to earn total operating revenue of \$14,820 with an operating margin of 5.56%. The adjusted operating expenses, including \$2,594 in depreciation, totaled \$13,996 with a net income of \$824. Mrs. Majewski also testified that Pine Haven is in compliance with DHEC regulations, and Pine Haven would be a NARUC Class C water utility according to the pro forma revenue information.

Company witness Norman testified that he has maintained the system throughout the years and the system is in good condition. Mr. Norman testified that, while the system has some meters, the Company has continued with flat rates because it is not economically feasible to complete the installation of all meters at this time. Mr. Norman testified the Company was not currently using the NARUC Uniform System of Accounts for its books and records but that he had purchased the necessary materials and would be utilizing the NARUC Uniform System of Accounts in the future.

We find that the rates agreed to by the parties, which are specified in the Settlement Agreement, which is hereby adopted and attached to this Order as Appendix A, are just and reasonable and that such allow Pine Haven to provide its customers with adequate water service.

The Settlement Agreement provides a schedule of proposed rates, terms, and conditions that are just and reasonable. The parties therefore agreed and stipulated to certain rates and charges and terms and conditions which we hereby approve and are set forth in the attached Appendix B. We agree, and hereby find, that the rates and charges and terms and conditions contained in the Settlement Agreement are just and reasonable.

After review and consideration by this Commission of the Settlement Agreement, the evidence contained in the record of this case and the testimony of the witnesses, the Commission concludes as a matter of law that the Settlement Agreement results in just and reasonable rates and fees for water service.

Based on the operating revenues, income, and expenses agreed upon by the parties, the resulting allowable operating margin for the Company is 5.56%. See S.C. Code Ann. § 58-5-240(H).

IT IS THEREFORE ORDERED THAT:

1. The Settlement Agreement, including attachments, is attached hereto as Appendix A and is incorporated into and made a part of this Order by reference.
2. The proposed rates contained in the Settlement Agreement have been entered into the record of this case without objection. We find that the schedule of rates and charges and terms and conditions attached hereto as Appendix B is both just and reasonable and will allow the Company to provide its customers with adequate water services.
3. The schedule of rates and charges attached hereto as Appendix B is approved for service rendered thirty days after the issuance of this Order.
4. An operating margin of 5.56% is approved for Pine Haven.
5. Pine Haven shall file all necessary documents, reports and other instruments as required by applicable South Carolina statutes and regulations for the operation of its water system in Pine Haven and Garrett's Landing Subdivisions in York County.
6. Pine Haven shall be a NARUC Class C water utility and shall keep its books and records according to the NARUC Uniform System of Accounts as required by the Commission's rules and regulations.
7. Pine Haven shall file with the Commission and provide a copy to ORS a bond that satisfies the criteria as set forth in S.C. Code Ann. § 58-5-720 (Supp. 2009) within 30 (thirty) days from the issuance of this Order. The amount of Pine Haven's performance bond for water service is \$100,000.

8. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

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John E. “Butch” Howard, Chairman

ATTEST:

\_\_\_\_\_  
David A. Wright, Vice-Chairman

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2010-35-W**

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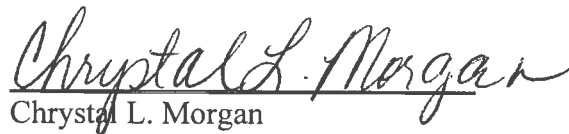
Application of Pine Haven Water System for  
Approval of Water Rates, Terms and  
Conditions

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**CERTIFICATE OF  
SERVICE**

This is to certify that I, Chrystal L. Morgan, have this date served one (1) copy of the **OFFICE OF REGULATORY STAFF'S PROPOSED ORDER** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Carroll Norman  
767 Pine Haven Circle  
Clover, SC, 29710

  
Chrystal L. Morgan

October 5, 2010  
Columbia, South Carolina